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# Legislative Audit Division

State of Montana

Report to the Legislature

December 1998

## Financial-Compliance Audit

**For the Two Fiscal Years Ended June 30, 1998**

# Montana Chiropractic Legal Panel

We performed a financial-compliance audit for the two fiscal years ended June 30, 1998. We issued an unqualified opinion on the financial schedules which means the reader may rely on the presented financial information and the supporting data recorded on the Statewide Budgeting and Accounting System.

This audit report contains no recommendations. The prior audit report also contained no recommendations.

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## FINANCIAL-COMPLIANCE AUDITS

Financial-compliance audits are conducted by the Legislative Audit Division to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office. Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

Government Auditing Standards, the Single Audit Act Amendments of 1996 and OMB Circular A-133 require the auditor to issue certain financial, internal control, and compliance reports. This individual agency audit report is not intended to comply with these reporting requirements and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report which complies with the above reporting requirements. The Single Audit Report for the two fiscal years ended June 30, 1999, will be issued by March 31, 2000. Copies of the Single Audit Report, when available, can be obtained by contacting:

Single Audit Coordinator
Office of Budget and Program Planning
State Capitol
Helena MT 59620
Phone (406) 444-3616

Legislative Audit Division
Room 135, State Capitol
PO Box 201705
Helena MT 59620-1705

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# LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel
Tori Hunthausen, IT & Operations Manager

Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
James Gillett, Financial-Compliance Audit

December 1998

To the Legislative Audit Committee
of the Montana State Legislature:

This is our financial-compliance audit report on the Montana Chiropractic Legal Panel (panel) for the two fiscal years ended June 30, 1998. The objectives of our audit were to determine the panel's compliance with applicable laws and regulations, make necessary recommendations for improvements in management and internal controls, and determine if the panel's financial schedules fairly present the results of its operations.

The report contains no recommendations. Beginning on page A-1, you will find our unqualified opinion on the panel's financial schedules, and the panel's financial schedules. An unqualified opinion means the reader may rely on the presented financial information.

The panel was established as a state agency in January 1990 by Chapter 262, Laws of 1989. Its duties are set forth in Title 27, chapter 12, of the Montana Codes Annotated.

The panel is administratively attached to the Montana Supreme Court. However, the panel does its own accounting and budgeting. Funding for the panel is from an annual fee assessed to chiropractic physicians. The panel held one hearing in fiscal year 1996-97 and five in fiscal year 1997-98.

We thank the director for her assistance and cooperation during our audit.

Respectfully submitted,

Scott A. Seacat
Legislative Auditor

Room 135, State Capitol Building, PO Box 201705 Helena MT 59620-1705
Phone (406) 444-3122 FAX (406) 444-9784 E-Mail lad@state.mt.us

**Montana Chiropractic Legal Panel**

Mary Lou Garrett, Director

For further information on the Montana Chiropractic Legal Panel, contact:

Montana Chiropractic Legal Panel
Mary Lou Garrett, Director
PO Box 1098
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Members of the audit staff involved in this audit were Scott Hoversland and Wayne Kedish.

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# LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel
Tori Hunthausen, IT & Operations Manager

Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
James Gillett, Financial-Compliance Audit


## INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the accompanying Schedules of Changes in Fund Balance, Schedules of Total Revenues, and Schedules of Total Expenditures of the Montana Chiropractic Legal Panel (panel) for each of the two fiscal years ended June 30, 1998. The information contained in these financial schedules is the responsibility of the panel's management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial schedules are presented on a comprehensive basis of accounting other than generally accepted accounting principles. The schedules are not intended to be a complete presentation and disclosure of the panel's assets and liabilities.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the results of operations and changes in fund balance of the Montana Chiropractic Legal Panel for the two fiscal years ended June 30, 1997 and 1998, in conformity with the basis of accounting described in note 1.

Respectfully submitted,

James Gillett

James Gillett, CPA
Deputy Legislative Auditor

October 15, 1998




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MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

| | Special Revenue Fund |
|---|---|
| FUND BALANCE: July 1, 1997 | $ 31,276 |
| ADDITIONS | |
| Budgeted Revenues | 11,670 |
| Total Additions | 11,670 |
| REDUCTIONS | |
| Budgeted Expenditures | 14,599 |
| Total Reductions | 14,599 |
| FUND BALANCE: June 30, 1998 | $ 28,347 |

This schedule is prepared from the Statewide Budgeting and Accounting System.
Additional information is provided in the notes to the financial schedules beginning on page A-9.

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

| | Special Revenue Fund |
|---|---|
| FUND BALANCE: July 1, 1996 | $ 25,158 |
| ADDITIONS | |
| Budgeted Revenues | 11,150 |
| Total Additions | 11,150 |
| REDUCTIONS | |
| Budgeted Expenditures | 5,032 |
| Total Reductions | 5,032 |
| FUND BALANCE: June 30, 1997 | $ 31,276 |

This schedule is prepared from the Statewide Budgeting and Accounting System.
Additional information is provided in the notes to the financial schedules beginning on page A-9.

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

| | Special Revenue Fund |
|---|---|
| TOTAL REVENUES BY CLASS | |
| Charges for Services | $ 11,670 |
| Total Revenues | 11,670 |
| | |
| Less: Nonbudgeted Revenues | 0 |
| Prior Year Revenues | 0 |
| Actual Budgeted Revenues | 11,670 |
| Estimated Revenues | 14,000 |
| Budgeted Revenues Over (Under) Estimated | $ (2,330) |
| | |
| BUDGETED REVENUES OVER (UNDER) ESTIMATED BY CLASS | |
| Charges for Services | $ (2,330) |
| Budgeted Revenues Over (under) Estimated | $ (2,330) |

This schedule is prepared from the Statewide Budgeting and Accounting System.
Additional information is provided in the notes to the financial schedules beginning on page A-9.

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

| | | Special Revenue Fund |
|---|---|---|
| TOTAL REVENUES BY CLASS | | |
| Charges for Services | $ | 11,150 |
| Total Revenues | | 11,150 |
| Less: Nonbudgeted Revenues | | 0 |
| Prior Year Revenues Adjustments | | 0 |
| Actual Budgeted Revenues | | 11,150 |
| Estimated Revenues | | 14,000 |
| Budgeted Revenues Over (Under) Estimated | $ | (2,850) |
| BUDGETED REVENUES OVER (UNDER) ESTIMATED BY CLASS | | |
| Charges for Services | $ | (2,850) |
| Budgeted Revenues Over (under) Estimated | $ | (2,850) |

This schedule is prepared from the Statewide Budgeting and Accounting System.
Additional information is provided in the notes to the financial schedules beginning on page A-9.

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

| | | Legal Panel Operations |
|---|---|---|
| PROGRAM EXPENDITURES BY OBJECT | | |
| Operating Expenses | | |
| Other Services | $ | 10,767 [1] |
| Supplies & Materials | | 1,847 |
| Communications | | 718 |
| Travel | | 955 |
| Rent | | 291 |
| Other Expenses | | 21 |
| Total | | 14,599 |
| Total Program Expenditures | $ | 14,599 |
| PROGRAM EXPENDITURES BY FUND | | |
| Special Revenue Fund | $ | 14,599 |
| Total Program Expenditures | | 14,599 |
| Less: Nonbudgeted Expenditures | | 0 |
| Prior Year Expenditures Adjustments | | 0 |
| Actual Budgeted Expenditures | | 14,599 |
| Budget Authority | | 15,000 |
| Unspent Budget Authority | $ | 401 |
| UNSPENT BUDGET AUTHORITY BY FUND | | |
| Special Revenue Fund | $ | 401 |
| Unspent Budget Authority | $ | 401 |

[1] See note 2 on page A-9.

This schedule is prepared from the Statewide Budgeting and Accounting System.
Additional information is provided in the notes to the financial schedules beginning on page A-9.

MONTANA CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

| | | Legal Panel Operations |
|---|---|---|
| PROGRAM EXPENDITURES BY OBJECT | | |
| Operating Expenses | | |
| Other Services | $ | 4,332 [1] |
| Supplies & Materials | | 135 |
| Communications | | 83 |
| Travel | | 381 |
| Rent | | 101 |
| Total | | 5,032 |
| Total Program Expenditures | $ | 5,032 |
| PROGRAM EXPENDITURES BY FUND | | |
| Special Revenue Fund | $ | 5,032 |
| Total Program Expenditures | | 5,032 |
| Less: Nonbudgeted Expenditures | | 0 |
| Prior Year Expenditures Adjustments | | 0 |
| Actual Budgeted Expenditures | | 5,032 |
| Budget Authority | | 14,000 |
| Unspent Budget Authority | $ | 8,968 |
| UNSPENT BUDGET AUTHORITY BY FUND | | |
| Special Revenue Fund | $ | 8,968 |
| Unspent Budget Authority | $ | 8,968 |

[1] See note 2 on page A-9.

This schedule is prepared from the Statewide Budgeting and Accounting System.
Additional information is provided in the notes to the financial schedules beginning on page A-9.

# Notes to the Financial Schedules

## For the Two Fiscal Years Ended June 30, 1998

### 1. Summary of Significant Accounting Policies

**Basis of Accounting**

The Chiropractic Legal Panel (panel) uses the modified accrual basis of accounting, as defined by state accounting policy, for its Governmental Fund. In applying the modified accrual basis, the panel records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the panel incurs the related liability and it is measurable, with the exception of the cost of employees' annual and sick leave. State accounting policy requires the panel to record the cost of employees' annual and sick leave when used or paid.

Expenditures may include entire budgeted service contracts even though the panel received the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

**Basis of Presentation**

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules are prepared from the transactions posted to the Statewide Budgeting and Accounting System without adjustment. Accounts are organized in funds according to state law. The panel uses the following fund:

Governmental Fund

**Special Revenue Fund** - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes. The panel's entire operation is accounted for in a Special Revenue Fund.

### 2. Operating Expenditures

The panel's "other services" expenditures include the management fee paid to the panel director, and the costs associated with conducting panel reviews. The panel held one hearing in fiscal year 1996-97 and five in fiscal year 1997-98.

3. **Related Parties**

Mary Lou Garrett is executive director of the Montana Chiropractic Association as well as the director of the Montana Chiropractic Legal Panel. The executive director of the Montana Chiropractic Association appoints the director of the panel, subject to approval of the Chief Justice of the Montana Supreme Court.

# MONTANA
# CHIROPRACTIC LEGAL PANEL

318 E. 6th Avenue
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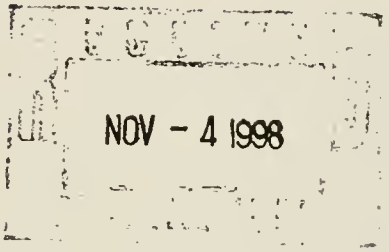
Phone: (406) 442-7275
FAX: (406) 443-5791

Director:
Mary Lou Garrett


November 3, 1998




Scott A. Seacat
Legislative Auditor
P.O. Box 201705
Helena, MT 59620-1705

Dear Mr. Seacat:

As Director of the Montana Chiropractic Legal Panel, I acknowledge the audit performed by Scott Hoversland, Senior Auditor.

The panel will continue to operate in a proper fiscal and administrative manner as provided by statute.

Sincerely,

Mary Lou Garrett

Mary Lou Garrett
Director